

# IASB Business Services and Enterprise Finances

(Selected Slides from IASB New Board  
Orientation & Additional Info)

# Core Entities

- The Iowa Association of School Boards (IASB) is a nonprofit organization operating to develop, strengthen, and correlate the work of the school boards of the public schools in their efforts to promote the educational interests of the state of Iowa and to provide such services as will enhance these purposes. Services offered to members by the Association include publications, research, consulting, conferences, conventions, cash management, and risk management.
- Local Government Services (LGS) is a for-profit, wholly-owned subsidiary of the Association. LGS operates in a support capacity for the Association, which includes technology, infrastructure, and back-office operations. LGS also seeks to create aggregation opportunities for members of the Association and other educational and government institutions in Iowa and other states, and operates the Association's sponsored programs. LGS is run for the benefit of the members of the Association, and all net revenue returned to the Association is invested into member services. By creating new business services and making existing business services more efficient, LGS preserves resources for the Association's members for student achievement and allows administrators to focus on the core mission of public education. Business services include marketing and administrative support for both nonprofits and intergovernmental organizations, Payschools, and other Association sponsored programs.
- The Iowa Association of School Boards Foundation (ISBF) is a separate organization formed under 501(c)(3) of the Internal Revenue Code and is subject to federal income taxes only on any unrelated business income under the Internal Revenue Code. ISBF was formed to serve the educational needs of Iowa public school boards. The organization's current primary programs are Communities for Literate Iowa Kids (CLIK) and Lighthouse.



# Controlled Entities

- The Iowa Schools Joint Investment Trust (ISJIT) was formed under a joint and cooperative undertaking under the provision of Chapter 28E, Code of Iowa. ISJIT is exempt from federal and state income taxes under Internal Revenue Code Section 115. The organization was formed to allow Iowa schools to invest monies pursuant to a joint investment agreement.
- The Iowa Schools Cash Anticipation Program (ISCAP) was formed under a joint and cooperative undertaking under the provision of Chapter 28E, Code of Iowa. ISCAP is exempt from federal and state income taxes under Internal Revenue Code Section 115. The organization was organized to provide a method of funding general fund deficits for school corporations participating in the ISCAP program. The Administrative Fund of the ISCAP program collects fees to cover expenses for the administration of the Program.
- The Iowa Joint Utilities Management Program (IJUMP) is a separate organization formed under Iowa Nonprofit Corporation Act, Chapter 504A, of the Code of Iowa, 2001, and is a tax-exempt organization as described in Section 501(c)(4) of the Internal Revenue Code. IJUMP is subject to federal income taxes only on any unrelated business income under the Internal Revenue Code. IJUMP was formed to provide energy and energy-related services to school districts, other public agencies, and nonprofit organizations. This entity filed articles of dissolution effective June 2009.

# Related Entities

- Iowa Schools Employee Benefit Association (ISEBA) was formed under a joint and cooperative undertaking under the provision of Chapter 28E, Code of Iowa to provide insurance to school employees. ISEBA currently offers medical, prescription drug, vision, and dental insurance coverage to members. ISEBA is considered a related party to the organization through common board members and management. ISEBA is not considered to be part of the reporting entity as the Association does not have a majority of the voting interest in ISEBA. The ISEBA Board consists of three Board members appointed by the Association, three Board members appointed by the Iowa State Education Association (ISEA), one superintendent, one teacher, one business manager or board secretary, each of which is appointed jointly by the Association and the ISEA.
- National School Foundation Association, Inc. (NSFA) is a separate organization formed under 501(c)(3) of the Internal Revenue Code and is subject to federal income taxes only on any unrelated business income under the Internal Revenue Code. NSFA was formed to provide help, guidance, and direction to schools with the intent on establishing their own foundations and equipping schools to use the abundant funding opportunities to provide services that can be made available through school foundations. NSFA was considered a related party to the Association through common board members and management. NSFA is not considered to be part of the reporting entity as the Association does not have a majority of the voting interest. NSFA is no longer considered a related party subsequent to June 30, 2008.



# Programs Vs. Entities

- All controlled entities are programs; not all programs are controlled entities  
For example:
  - ISEBA – program and an entity
  - Safety Group – program but not an entity
- Programs are categorized by involvement
  - Active Daily Role: Some or all of.....
    - Active Marketing
    - Billing
    - Customer support lines
    - Cash flow
    - Technical support
    - Programming/Development
    - Physical space
    - Ownership/Financial Risk
    - Passive Sponsorship
  - Modest Role: Primarily billing and passive sponsorship.
  - Passive Sponsorship

# Programs Vs. Entities

- In General.....
  - All passive sponsorship revenue goes to IASB.
  - Revenues derived from activity go to LGS.
- Two contractual models
  - LGS owns the program and signs a passive sponsorship agreement with IASB
  - Program owners signs services agreement with LGS and passive sponsorship agreement with IASB

# Programs By Type of Role

## ■ IASB/LGS Active Role

- **IDATP** – Drug and Alcohol Testing Program
  - Marketing, Billing, Education and Awareness
- **ISCAP** – Cash Flow Borrowing Pool
  - Financial Advisor, Staff, Web Programming/Hosting, Administration
- **ISJIT** – Money Market Funds
  - Marketing, Staff
- **ISEBA** – Employee Benefits Insurance
  - Marketing, Administration, Billing, Customer Support, Staff
- **PaySchools** – Online School Fee Processing
  - Marketing, Web Programming/Hosting, Administration, Billing, Customer Support
- **GASB 45** – Accounting Service
  - Marketing, Billing, Data Management, Customer Support
- **Employee Background Check Program**
  - Marketing, Billing



# Programs by Level of Involvement

- Passive Sponsorship
  - Playground Surfacing
  - ISTC – Iowa Schools Telecommunications Consortium
  - IMED - Medicaid Claiming
  - Safety Group - Property/Casualty/Workers Compensation



# Business Services by Acronym

- **ICAT** – Iowa Construction Advocate Team
- **IDATP** – Iowa Drug and Alcohol Testing Program
- **IJUMP** – Iowa Joint Utility Management Program
- **IMED** – Iowa Medicaid Education Disbursement Program
- **ISCAP** – Iowa School Cash Anticipation Program
- **ISEBA** – Iowa School Employee Benefits Association
- **ISJIT** – Iowa School Joint Investment Trust
- **ISTC** – Iowa School Telecommunications Consortium
- **e-CAP** – Electronic Check Alliance Processing
- **GASB 45** – Government Accounting Standards Board Rule 45
- **QZAB** – Qualified Zone Academy Bonds
- **Employee Background Checks**
- **PaySchools/Give2Schools**
- **Playground Surfacing Program**



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## Information Center

- Student Achievement
- Board Operations
- Finance
- Human Resources
- Legal/Policy
- Community Relations
- School Facilities
- Early Childhood
- Restructuring Resources

## Topics

High School  
Improvement  
Standards  
More Topics A-Z

### Relative Advocacy

## Training & Resources

## ne Learning

Business Services

## Member Benefits

isroom

## Member Benefits

[Home](#) > [Member Benefits](#)

IASB Business Services meet school districts' needs in the areas of financial management, risk management, energy management, time management and more. IASB has done much of the work for you--researching vendors, previewing and testing products, and gathering input and ideas from its advisory committees for features that bring added value. You can be confident that IASB Business Services offer safety, quality and reliability.

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2010 Playground Grant Application	2010SafetyGroupRegistration
Cash Management (ISJIT and ISCAP)	Check Recovery Service - NEW!
Contracts Management System (eznetpay)	Drug and Alcohol Testing (IDATP)
Employee Background Investigation Service	Employee Benefits (ISEBA)
GASB 45 Compliance Service - NEW!	Iowa Construction Advocate Team (ICAT)
Iowa Joint Utility Management Program (IJUMP)	Iowa Playground Compliance Program
Medicaid Reimbursement (IMED)	Online Payment Processing (PaySchools)
Qualified Zone Academy Bonds (QZAB)	Safety Group Insurance Program
Safety Group Overview - March 2010	School Transportation Services
Telecommunications - NEW!	

## Our Members Say

**"Take advantage of as many IASB training opportunities as you can. It is an invaluable way to become more knowledgeable and competent within your school board member role."**

-Diane Bys, board member, Marion Independent School District

## Member Benefits A-Z

Business Services

2009 Arts Education Award for School Boards

Academy of Board Learning Experiences

Award of Merit Cards and Plaques

Better Boardsmanship Award

### Boards Making a Difference Award

Business Services

Cash Management (ISJIT and ISCAP)

Check Recovery Service - NEW!

Community Forums

Contracts Management System (eznetpay)



# IASB Consolidated Entities

- Local Government Services, Inc.
  - Iowa C Corporation
  - Wholly owned by Iowa Association of School Boards
  - Infrastructure and unrelated business activity
    - Business services programs
    - Manage brand
    - Owns building
    - Accounting
    - HR
    - Billing
    - IT Services
    - Management corporation



# IASB Consolidated Entities

- Iowa Association of School Boards Foundation, Inc. (ISBF)
  - Non-profit, charitable organization - 501(c)(3)
  - Receives funding for projects and services which require donations to a 501(c)(3) organization
    - Donations
    - Promoting Student Learning Project (formerly CLIK)
    - Qwest Grant Project
    - Consumers Guide to Assessment
  - All project work is performed by IASB

# IASB Consolidated Entities

## Other Controlled Affiliates

- ISJIT

- Iowa Schools Joint Investment Trust
- 28E Intergovernmental

- ISCAP

- Iowa School Cash Anticipation Program
- 28E Intergovernmental

# IASB Consolidated Entities Other Non-Controlled Affiliates

- ISEBA

- Iowa School Employee Benefits Association

- 28E Intergovernmental

- 9 Board Members

- 3 appointed by IASB

- 3 appointed by ISEA

- 3 jointly appointed by IASB and ISEA



## Big 5 Programs

- PaySchools.com – since 2005
- ISJIT – since 1986
- ISCAP – since 1986
- ISEBA – since 1999
- Safety Group – since 1974

# PaySchools

- Program under LGS entity
- Description – Allows parents to pay for student fees online at PaySchools.com
- Consolidation for any NSBA member school nationwide
- Processing transactions in 37 states – sponsored by 21 State School Board Associations and NSBA
- Processed \$30 million in past year

# ISJIT

## Iowa Schools Joint Investment Trust

- Program and entity
- Money Market Fund
- Banking Services
- Focused on....
  - Safety
  - Liquidity
  - Yield



# ISCAP

## Iowa School Cash Anticipation Program

- Program and Entity
- Description: Cash Flow Borrowing Program
- Covers cash flow needs due to delay in State Aid and property tax revenue
- Arbitrage Opportunity
  - Money borrowed at tax-exempt rates
  - Proceeds invested in Guaranteed Interest Contract (like a CD)
  - When money isn't needed, GIC earns more interest than borrowing rate.
  - Very low (sometimes negative) interest cost

# ISEBA

- Program and Entity
- Description: Employee Benefits Purchasing Group
- Offerings
  - Medical (Wellmark)
  - Dental (Delta)
  - Life/LTD (Unum)
  - Vision (Avesis)
- Notable features
  - Joint entity with ISEA

# Safety Group

- Program under IASB entity
- Through Jester Insurance and EMC
- Services Offered
  - Property and casualty insurance pool
  - Workers compensation pool
  - Equipment breakdown insurance
  - Value-added services
    - Air quality tests
    - Rehab the Lab
- Near 100% participation



# Policy Governs New Programs

- For IASB to be involved, the new service must do at least one of the following:
  - Improve student achievement
  - Improve district capacity
  - Reduce administrative time
  - Enhance collaborative outreach

# Enterprise Financing

# Budget Process

- Team Leaders for each team prepares budget recommendations and estimates
- Executive Director directs the Finance Team to assemble overall budget recommendation for board approval (IASB/LGS/ISBF)
- Approved at May board meeting
- Each related entity's board approves its own budget
- IASB receives a consolidated budget presentation as well



# Financial Reporting

- Audited Annual Financial Statements
  - Consolidated for the following entities
    - IASB
    - LGS
    - ISBF
    - ISCAP
    - ISJIT
    - IJUMP – dissolved 6/2009
  - Individual reports received by each entity
  - Entire Audit received by IASB Board in November

# Financial Reporting

## ■ Interim Financials

- Consolidate IASB/LGS/ISBF
- Other entities receive individual financial statements (ISCAP, ISJIT, IJUMP, ISEBA)
- Approved as part of the agenda at each board meeting

## ■ Audit and Finance Committee

- Selects external audit firm after RFP process every 3 years
- Reviews audit procedures, internal controls, and financial reports with auditors and staff
- Reviews financial policies, and make recommendations to entire board